

**HALIFAX COUNTY  
ECONOMIC DEVELOPMENT  
GRANT PROGRAM**

**PREAMBLE**

The Halifax County (the "County") Board of County Commissioners (the "Board"), has determined that the general welfare of the residents of the County is directly benefited by fiducially sound economic development policies which promote the growth and diversity of the tax base and result in the creation of more high quality, well paying jobs. Pursuant to its ruling in Maready v. The City of Winston Salem, et. al, the North Carolina Supreme Court has made clear that the expenditure of public funds to promote economic development is deemed to be for these legitimate public purposes.

The current competitive environment among states which regularly compete with North Carolina and counties which regularly compete with the County in economic development projects, dictates that the County must adopt an Economic Development Grant Program ("EDGP"), which is conservative and fiducially sound, in order to remain competitive in recruiting new industry and retaining expansions of existing industries currently located in the County. For these reasons, the Board hereby establishes EDGP guidelines to encourage new industries to locate and existing industries to expand within the County. These guidelines are guidelines only. Each new or expansion industrial project will be considered on a project-by-project basis. The board takes this action in adopting these guidelines pursuant to authority granted by NC Gen. Stat. 158-7.1, as interpreted by the North Carolina Supreme Court in Maready.

### **POLICY PRINCIPLES**

These EDGP guidelines are based upon, and any EDGP arrangement with a new or existing company must be in compliance with fiduciarly sound public policy principles, which at a minimum include:

- Any Economic Development Grant must provide the County a high return on investment, taking into account tax revenues of the project over a five-year period from the date of the start-up of the project. NC Gen. Stat. 158-7.1(d2).
- Any Economic Development Grant must be preceded by an agreement with the company involved, binding it to minimum levels of capital investment and quality job creation, and providing for penalties and/or reductions in amounts of forward funded grants, in the event that it fails to meet these minimum required levels. NC Gen. Stat. 158-7.1(d2)(2).
- Investments of County funds by way of Economic Development Grants shall be in items which leave value in the County in the event of a curtailment or closure of the operations within the facility, such as site acquisition, site preparation, internal infrastructure, job training, etc.
- It must be competitively necessary in the judgment of the economic development staff and senior management in the County, to provide such incentives in order to induce that project to locate or expand in the County.
- The bedrock of the County's economy are the businesses and industries already located in the County. Consequently, the terms

and application of the EDGP policy are to result in existing industries receiving consideration for grants that is on terms equal to or better than those available to a company considering locating its first facility in the County.

### **ECONOMIC DEVELOPMENT GRANT PROGRAM PARAMETERS**

Each project will be considered on a project-by-project basis, using these guidelines established by the Board. These guidelines shall be subject to periodic review and may be modified, amended or terminated, due to changed economic conditions or competitive consideration. In the event of any modification, amendment or termination, Economic Development Grants to which the County previously committed will not be affected.

In determining whether to make an Economic Development Grant to a project, and if so, the amount of such grant, the Board will consider, among other relevant factors, the following matters:

- The total capital investment in the project including site acquisition, site improvement, building cost and equipment.
- The number, type and quality of jobs created.
- Wage levels for jobs created by the project.
- The potential for the future expansions and increased employment.
- Site specific issues that impact on public infrastructure expansions, which will stimulate development in areas of the County, which will benefit overall community development.
- Other factors deemed relevant by the Board in its discretion.

### **MINIMUM PROJECT QUALIFICATIONS**

In order to qualify for consideration for an Economic Development Grant from the County, the project must meet certain minimum threshold requirements. Meeting these threshold requirements does not indicate that the project will necessarily receive an Economic Development Grant, and if so, the amount of such grant, inasmuch as the Board reserves sole discretion in this regard on a project-by-project basis. The minimum project qualifications are as follows:

- The minimum levels of capital investment for a project on behalf of a company which is new to the County, and capital expenditures for expansion of an existing company for plant and/or equipment (which is not a planned replacement) that results in the addition of \$1,000,000 of assessed value on the tax rolls.
- For new projects, at least 25 new jobs must be created in the County over a period of 3 years. Expansion by companies already present in the County may either create or retain employment.
- The wage levels of the jobs created must represent a competitive improvement for citizens of the County, in relation to the current prevailing wage levels in the County at the time.
- The project must involve a facility to be used for manufacturing, distribution, corporate or divisional headquarters, research and development, air courier hub or any other project as deemed appropriate by the Board.

For a project to be considered by the Board for an Economic Development Grant, it must meet all of the above minimum project

qualifications. Additional qualifications may be required by the Board in its discretion on a project-by-project basis.

### **EXCLUSIONARY FACTORS**

Even though a project might meet all of the above minimum project qualifications, it will not be considered by the Board for an Economic Development Grant if any of the following factors apply:

- The expansion project would, for any reason, result in a net reduction of the ad valorem property tax valuation of all facilities in the County owned by the company, or its parent, subsidiary or affiliated companies.
- An Economic Development Grant will not be made if that company, or a parent, subsidiary or affiliated company, is not current in all ad valorem tax payments to the County.
- No prior commitment to an Economic Development Grant shall be binding if the company originally receiving the grant assigns to it to another company, unless the board has consented to such assignment in writing.
- The financial condition of the company receiving the grant must not be such that the ability of the company to meet its obligations is in doubt.

### **USE OF GRANT FUNDS**

Economic Development Grants under these guidelines may be made at the time of the announcement that the project is locating in the County, or in installments to be paid in the future. Such grants may be used for one or

more of the following purposes, depending upon the terms approved by the Board:

- Site acquisition.
- Site preparation.
- Internal site infrastructure.
- Other improvements to the site.
- Job training costs not otherwise reimbursed by grants from the Community College system or tax credits pursuant to the state statute.
- Other purposes, which leave value in the community as determined by the Board on a project-by-project basis.

#### **PROCEDURE FOR GRANT CONSIDERATION**

The following procedure will be utilized in considering a project for an Economic Development Grant:

- The company will negotiate the terms of such grant agreement with the Executive Director of Halifax Development Commission. Such discussions are negotiations only, inasmuch as the Board has the sole discretion and authority to finally agree to such grants.
- At a time agreeable to the company, given its confidentiality concerns, a public notice and public hearing regarding the proposed grant will be given/held in accordance with the requirements of NC Gen. Stat. 158-7.1.
- The Board will make a decision as to whether to approve the terms of the grant agreement.

- An Economic Development Grant agreement will be executed which contractually binds the County to make the grants, and the company to meet the capital investment, job creation and wage level requirements, to which they mutually agreed.
- The company will provide periodic verification of its compliance with the requirements to which it has agreed.

### **CONCLUSION**

All Economic Development Grants will be considered on a project-by-project basis and by adopting these guidelines; the Board is not obligated to make any grants. In considering whether to provide Economic Development Grants for a project and if so how much, the Board will take into account grants made by any private sector economic development entity which serves within the County. These guidelines are effective as of June 7, 1999.